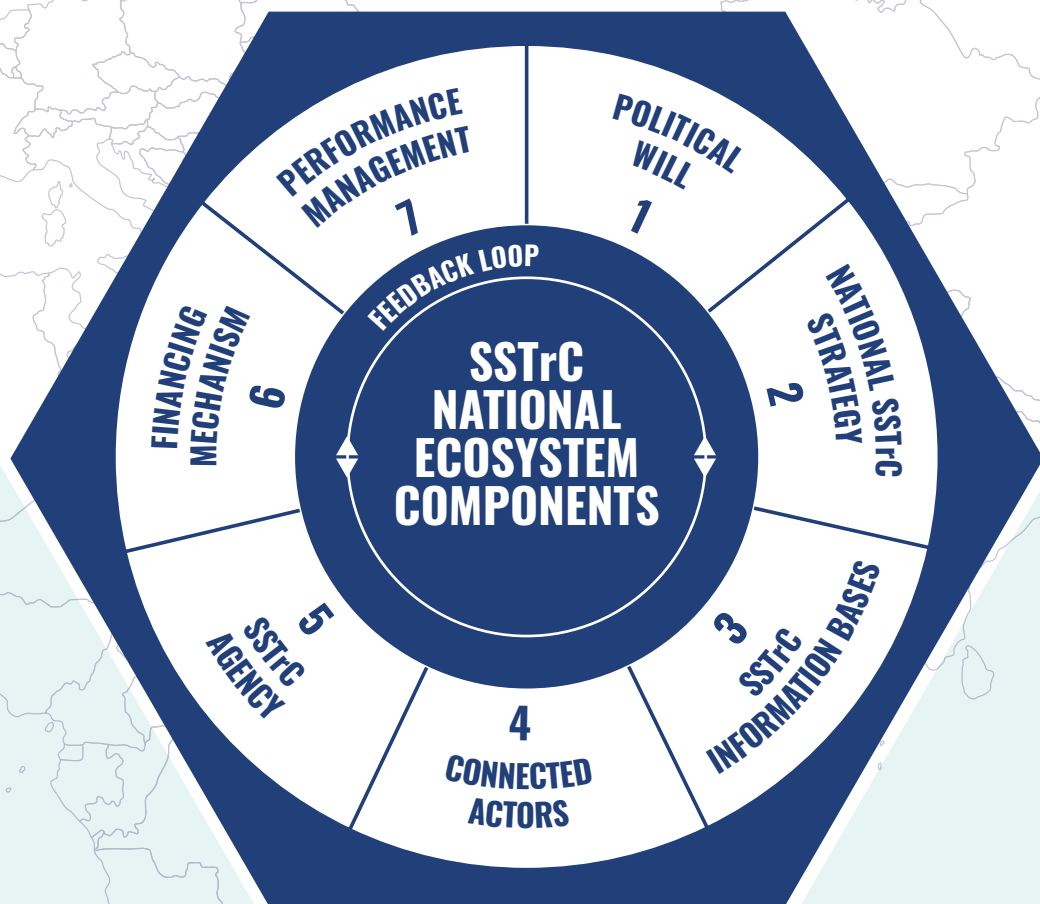# DEVELOPING NATIONAL ECOSYSTEMS FOR SOUTH-SOUTH AND TRIANGULAR COOPERATION

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Islamic Development Bank

SSTrC
NATIONAL
ECOSYSTEM
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TAKING FULL ADVANTAGE OF SSTrC

THE RATIONALE OF BUILDING NATIONAL SSTrC ECOSYSTEM

ENABLING THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

"The Islamic Development Bank (IsDB) is an international financialinstitution with a current membership of 57 countries. Its mission is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people."

DEVELOPING NATIONAL ECOSYSTEMS FOR SOUTH-SOUTH AND TRIANGULAR COOPERATION

Since the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries in 1978, South-South Cooperation (SSC) among the countries of the South substantially expanded and evolved. SSC now covers various areas of collaboration including technical cooperation, trade, finance, investment, connectivity, private sector development and regional integration. SSC became an essential component of international cooperation for developing countries. It is now being undertaken through increasingly more modalities, involving an ever-expanding set of connected actors, and growing quickly in its scope and magnitude, together with Triangular Cooperation, which has gained more attention in the past two decades.
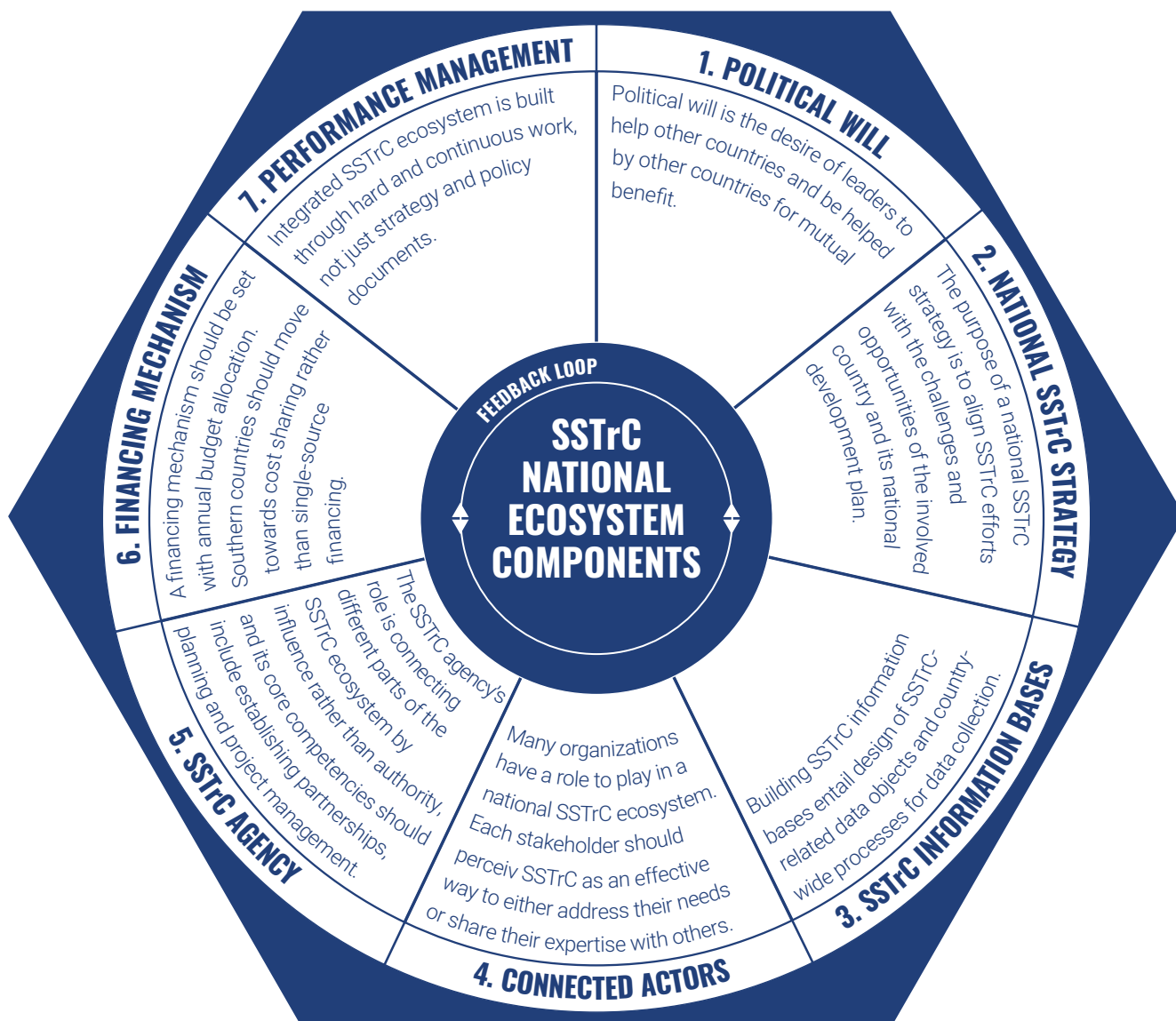
17 PARTNERSHIPS FOR THE GOALS

With the Sustainable Development Goal (SDG) 17 seeking to strengthen global partnerships to support and achieve the ambitious targets of the 2030 Agenda, South-South and Triangular Cooperation (SSTrC) has been acknowledged as instrumental for implementing the SDGs.

The Islamic Development Bank (IsDB) – based on its experience in both filed and analytical work – observed that the SSTrC did not reach its full potential yet as an alternate route for comprehensive development. At the same time, the Agenda 2030 raises the global expectation from SSTrC but it represents a challenge with respect to how to meet those expectations. In response to this context, this Note suggests a new way of approaching the promotion of SSTrC, with the ultimate goal of increasing its contribution to realizing the national and regional development.

To take full advantage of SSTrC, countries should establish, monitor, and sustain a complete national ecosystem for SSTrC. Such ecosystem is a collection of interlinked parts with reinforcing feedback loops between them. These parts include, among others, political will, national SSTrC strategy, information bases, connected actors, SSTrC agency, and financing mechanism. These parts complement each other without a specific hierarchical order. The ultimate benefit of the ecosystem materializes when all parts co-exist and harmoniously work together.

Establishing the SSTrC ecosystem entails two clusters of interventions: carrying out activities that establish the system itself (such as raising the capacity of the SSTrC agency, building information bases, training SSTrC actors, etc.) and undertaking specific SSTrC transactions between the country concerned and other countries.

THE COMPONENTS OF THE SSTrC NATIONAL ECOSYSTEM

FEEDBACK LOOP

SSTrC NATIONAL ECOSYSTEM COMPONENTS

7. PERFORMANCE MANAGEMENT — Integrated SSTrC ecosystem is built through hard and continuous work, not just strategy and policy documents.

1. POLITICAL WILL — Political will is the desire of leaders to help other countries and be helped by other countries for mutual benefit.

2. NATIONAL SSTrC STRATEGY — The purpose of a national SSTrC strategy is to align SSTrC efforts with the challenges and opportunities of the involved country and its national development plan.

3. SSTrC INFORMATION BASES — Building SSTrC information bases entail design of SSTrC-related data objects and country-wide processes for data collection.

4. CONNECTED ACTORS — Many organizations have a role to play in a national SSTrC ecosystem. Each stakeholder should perceiv SSTrC as an effective way to either address their needs or share their expertise with others.

5. SSTrC AGENCY — The SSTrC agency's role is connecting different parts of the SSTrC ecosystem by influence rather than authority, and its core competencies should include establishing partnerships, planning and project management.

6. FINANCING MECHANISM — A financing mechanism should be set with annual budget allocation. Southern countries should move towards cost sharing rather than single-source financing.

1. POLITICAL WILL

Political will is the desire of leaders to help other countries and be helped by other countries for mutual benefits. The belief of the country's leadership in SSTrC creates a complete SSTrC ecosystem, not just an SSTrC agency, and provides power for each part of the ecosystem to advance. Leaders with strong political will challenge the status of SSTrC in their countries, inspire new SSTrC vision, encourage all organizations involved to act to implement the vision, and ensure that SSTrC is mainstreamed in the country's national development plans.

Organizations are good at observing the stances their leaders take and the issues on which they focus, so it takes more than words for these organizations to believe that their leaders consider SSTrC important.

The leaders' role is to instill SSTrC culture rather than SSTrC fashion, which means establishing a common and sustained appreciation of SSTrC's potential. This requires leaders to participate in setting SSTrC priorities, sponsoring

SSTrC initiatives, appointing SSTrC envoys, creating incentives to promote SSTrC , and rewarding SSTrC actors. One vital consideration here is for the leader to set challenging yet realistic targets for the SSTrC ecosystem and its organizations. If a leader sets unrealistic targets, organizations will either reject them or create a temporary and unsustainable system.

One way of translating the political will into action is to set a regulatory framework that facilitates and governs SSTrC and eliminates any bureaucracy that may hinder it. Moreover, in countries that are active in SSTrC, the leaders of organizations accompany the country's leader during visits to other countries, which is one way to demonstrate political will.

At the global level, countries' strong political will is expected to change the landscape of SSTrC. In other words, the countries' strong political will provide them with a leadership position with respect to SSTrC, while making international organizations perform the roles of facilitator and connector.

2. NATIONAL SSTrC STRATEGY

The purpose of a national SSTrC strategy is to align SSTrC efforts with the challenges and opportunities of the involved country and its national development plan. Similar to a map, the SSTrC strategy shows the organizations concerned their territories of operation and direction of movement.

At its highest level, the national SSTrC strategy aims to create soft values such as knowledge sharing, stronger ties with other countries, business opportunities abroad, international reputation, etc. These values are gained by national stakeholders and the involved country at large. A common misconception is not differentiating SSTrC strategy from an organizational business strategy that aims to obtain immediate financial benefits for shareholders.

The SSTrC strategy should be based on a rigorous analysis of the political, economic, social, and technological contexts and their predicted changes. This analysis should answer key questions: What expertise and solution are needed to address the country's first-order challenges? Which countries can provide them? How do the country's competencies best serve its international relations agenda? Where can the country create a strong presence and image, in line with its foreign affairs agenda.

All stakeholders, including resource centers, line ministries, private sector, civil society organizations, etc., should be involved in both contextual analysis and answering the key questions of the SSTrC strategy. The large stakeholders' map creates a menu of choices while setting specific SSTrC strategic objectives. Here, selection criteria based on criticality and feasibility should be applied.

The SSTrC strategic objectives should cascade into critical success factors and critical business activities. The preparation of SSTrC strategy should be followed by issuing a formal decision regarding its endorsement, entrusting the overall implementation responsibility to certain entity. Then, the SSTrC strategy implementation entails detailed responsibility distribution; mobilizing essential financial, human, and technological resources; configuring these resources; and transforming them into soft values for stakeholders.

A misconception in SSTrC strategic planning is assuming that all contextual changes can be predicted. In today's world, many changes are uncertain and some are even unpredictable. Because of this, the SSTrC strategy should not be prescriptive, and strategy making should be viewed as an emergent process.

3. THE SSTrC INFORMATION BASES

Transforming the intention and good plans of SSTrC into effective actions requires a lot of information. A country should design its SSTrC information architecture and build many information bases in a gradual and integrated manner.

The SSTrC information bases serve multiple purposes: monitoring the macro changes in the SSTrC contexts, sharing information on transferable expertise, knowing the demands of assistance, and documenting SSTrC achievements.

The content of information bases may include countries' development indicators, national resource centers, roster of experts, SSTrC national strategy, available technologies and developmental solutions, partners, SSTrC requests, SSTrC projects, and SSTrC mechanisms.

SSTrC information bases are not created just by developing organization-wide computer systems. They require unified design of data objects, county-wide processes for data collection, and the assigning of responsibility for those processes to organizations and individuals.

Once built, the SSTrC information bases should have centralized administration but many contributors. In other words, the timeliness of content, the intelligence of information bases, and the ability to relate data objects to each other so that new SSTrC opportunities are identified, are all more important than attempting to create a "data monopoly" by a single organization (e.g., SSTrC agency).

In a machine, the energy generated from fuel should reach each part of it. Similarly, SSTrC information bases are effective only if they are accessible and searchable by all SSTrC actors. If a machine's fuel is consumed, it will stop running. Likewise, keeping the SSTrC ecosystem running requires continually collecting and sharing new information.

The SSTrC information architecture and strategy (i.e., genuine needs) should drive the growth of SSTrC information bases, not technology trends or ad hoc requests.

4. THE CONNECTED ACTORS

Many organizations have a role to play in a national SSTrC ecosystem. The inability or unwillingness of a single organization to perform its expected role will make the whole ecosystem nonfunctioning.

The ministry in charge of foreign affairs or international cooperation should practice "SSTrC diplomacy" to share the technical expertise of its country with other countries and initiate SSTrC transactions, and facilitate the transfer of innovations from southern countries to solve local problems. The Ministry of Finance and/or Ministry of Planning should ensure the provision of financial resources for SSTrC activities. National resource centers should activate their international cooperation function and share information on their transferable expertise. Line ministries such as health, agriculture, and energy, for example, should define and prioritize their problems and engage in problem-solving SSTrC activities.

Each stakeholder should perceive SSTrC as an effective way to either address their needs or share their expertise with others. With that, stakeholders will perform their roles in the SSTrC system based on internal commitment.

5. THE SSTrC AGENCY

In the interconnected ecosystem of SSTrC, the existence of an SSTrC agency is essential. Its role is to orchestrate the SSTrC ecosystem.

Southern Countries need to move from fragmented SSTrC activities that go in different directions and driven by short-term issues, to a structured SSTrC agency that works in line with a national SSTrC Strategy. Furthermore, the SSTrC agency should perform a dual role. It should work on both the supply and demand of developmental solutions from the south, meaning the inward and outward flow of knowledge.

The SSTrC agency's main role will be connecting different parts of the SSTrC ecosystem by influence rather than authority, and its core competencies should include establishing partnerships, planning, negotiation, and project management. To this end, the SSTrC agency needs to lead a process of strategic negotiations with each SSTrC stakeholder to convince the stakeholders to undertake the necessary changes at their level.

Another key responsibility of SSTrC agency is to build result-oriented partnerships with their peer institutions in other countries.

A dedicated SSTrC agency might be a "lean" institution that coordinates and integrates the work of several specialized entities. It could be also a full-fledged institution that undertakes SSTrC activities by its own staff, as well as coordinate the work of others. In both cases, a SSTrC agency should be manned with sufficient number of well-trained SSTrC specialists.
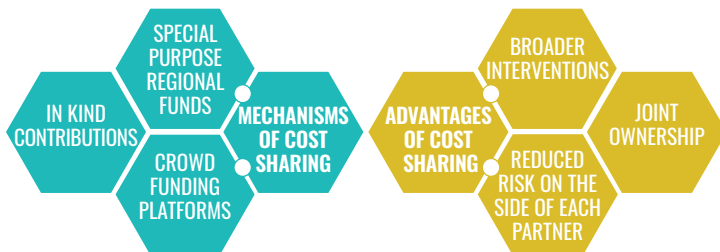
6. THE FINANCING MECHANISM

To support the national efforts for SSTrC, a financing mechanism should be set with annual budget allocation. Furthermore, southern countries need to move more towards cost sharing rather than single-source financing, otherwise SSTrC interventions will be limited in terms of size and impact. Within the cost sharing, all kind of contribution – being cash and/or in-kind – should be quantified and considered.

Cost sharing will also ensure the joint ownership by countries and development organizations concerned. It will also reduce the financial risk on the side of each partner.

In additional to cost-sharing by the direct stakeholders, SSTrC activities can be also financed through special-purpose regional funds, crowd-funding platforms and concessionary loans from domestic banks.

7. THE PERFORMANCE MANAGEMENT

Integrated SSTrC ecosystem is built through hard and continuous work, not just strategy and policy documents.

As mentioned previously, building the SSTrC ecosystem entails two clusters of interventions: carrying out activities that establish the ecosystem itself (such as raising the capacity of the SSTrC agency, building information bases, training SSTrC actors, etc.) and undertaking specific SSTrC transactions between the country concerned and other countries.

Given this complexity, two challenges may face the SSTrC ecosystem: unsatisfactory implementation of SSTrC activities or strategic drift. Unsatisfactory implementation could be caused by a shortage of resources, fading SSTrC momentum, or the emergence of new priorities. Strategic drift is expected because all stakeholders are dynamic and work in changing environments. The political, technological, and economic changes may make the original SSTrC strategy partially or fully irrelevant.

If one of these two problems occur, the SSTrC ecosystem will not be able to deliver its expected outputs. Accordingly, the ecosystem should have feedback loops that gather, analyze, and assess the performance indicators of the SSTrC ecosystem compared to its initial targets. The performance indicators could be related to the completeness of the SSTrC information bases, the volume of SSTrC transactions, their geographical diversification, sources of funding, etc. The feedback loops should also help identify the need for strategic realignment as a result of contextual changes.

Once the variance between actual/foreseen outputs and targeted outputs exceed an acceptable range, the SSTrC actors should evaluate their options and take remedy actions, which could include resource redistribution, role redistribution, stopping ineffective activities, mobilizing new resources, or setting new strategic objectives. Similar to other parts of the SSTrC ecosystem, performance monitoring is an ongoing process rather than a one-time exercise.

DRIVING FACTORS

SOCIAL CONTEXT

TECHNOLOGICAL CONTEXT

POLITICAL CONTEXT

ECONOMIC CONTEXT

DRIVING FACTORS

FOREIGN POLICY

COMPARATIVE ADVANTAGES

DRIVING FACTORS

CRITICAL DEMANDS

NATIONAL DEVELOPMENT PRIORITIES

SSTrC NATIONAL ECOSYSTEM COMPONENTS

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PERFORMANCE MANAGEMENT 7

POLITICAL WILL 1

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NATIONAL SSTrC STRATEGY 2

SSTrC AGENCY 5

SSTrC INFORMATION BASES 3

CONNECTED ACTORS 4

THE GUIDELINES FOR BUILDING THE SSTrC NATIONAL ECOSYSTEM

Each country has its own accepted definition of SSTrC, which may include or exclude aspects such as trade, foreign investment, labor migration, etc. The proposed SSTrC ecosystem is flexible and can work within any nationally-set boundaries.

This Paper does not aim at offering a fixed template for the national SSTrC Ecosystem. It is understandable that each country has its own political, social, economic and technological contexts. Accordingly, each country may establish its own instance of SSTrC Ecosystem which may include some or all the elements described in this guiding Paper. Some new elements could be also added.

The SSTrC Ecosystem is expected even to take other alternate names in some countries, such as institutional framework, institutional system or enabling environment. This is acceptable, as long as the country concerned defines the elements of those frameworks or systems.

While building the SSTrC Ecosystem, the SSTrC principles should be well observed, namely the respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.